

1 AN ACT concerning medical malpractice insurance.

2 Be it enacted by the People of the State of Illinois,
3 represented in the General Assembly:

4 Section 5. The Illinois Insurance Code is amended by
5 changing Section 155.18 as follows:

6 (215 ILCS 5/155.18) (from Ch. 73, par. 767.18)

7 Sec. 155.18. (a) This Section shall apply to insurance
8 on risks based upon negligence by a physician, hospital or
9 other health care provider, referred to herein as medical
10 liability insurance. This Section shall not apply to
11 contracts of reinsurance, nor to any farm, county, district
12 or township mutual insurance company transacting business
13 under an Act entitled "An Act relating to local mutual
14 district, county and township insurance companies", approved
15 March 13, 1936, as now or hereafter amended, nor to any such
16 company operating under a special charter.

17 (b) The following standards shall apply to the making
18 and use of rates pertaining to all classes of medical
19 liability insurance:

20 (1) Rates shall not be excessive or inadequate, as
21 herein defined, nor shall they be unfairly
22 discriminatory. No rate shall be held to be excessive
23 unless such rate is unreasonably high for the insurance
24 provided, and a reasonable degree of competition does not
25 exist in the area with respect to the classification to
26 which such rate is applicable.

27 No rate shall be held inadequate unless it is
28 unreasonably low for the insurance provided and continued
29 use of it would endanger solvency of the company.

30 (2) Consideration shall be given, to the extent
31 applicable, to past and prospective loss experience

1 within and outside this State, to a reasonable margin for
2 underwriting profit and contingencies, to past and
3 prospective expenses both countrywide and those
4 especially applicable to this State, and to all other
5 factors, including judgment factors, deemed relevant
6 within and outside this State.

7 Consideration may also be given in the making and
8 use of rates to dividends, savings or unabsorbed premium
9 deposits allowed or returned by companies to their
10 policyholders, members or subscribers.

11 (3) The systems of expense provisions included in
12 the rates for use by any company or group of companies
13 may differ from those of other companies or groups of
14 companies to reflect the operating methods of any such
15 company or group with respect to any kind of insurance,
16 or with respect to any subdivision or combination
17 thereof.

18 (4) Risks may be grouped by classifications for the
19 establishment of rates and minimum premiums.
20 Classification rates may be modified to produce rates for
21 individual risks in accordance with rating plans which
22 establish standards for measuring variations in hazards
23 or expense provisions, or both. Such standards may
24 measure any difference among risks that have a probable
25 effect upon losses or expenses. Such classifications or
26 modifications of classifications of risks may be
27 established based upon size, expense, management,
28 individual experience, location or dispersion of hazard,
29 or any other reasonable considerations and shall apply to
30 all risks under the same or substantially the same
31 circumstances or conditions. The rate for an established
32 classification should be related generally to the
33 anticipated loss and expense factors of the class.

34 (c) Every company writing medical liability insurance

1 shall file with the Director of Insurance the rates and
2 rating schedules it uses for medical liability insurance.

3 (1) This filing shall occur at least annually and
4 as often as the rates are changed or amended.

5 (2) For the purposes of this Section any change in
6 premium to the company's insureds as a result of a change
7 in the company's base rates or a change in its increased
8 limits factors shall constitute a change in rates and
9 shall require a filing with the Director.

10 (3) It shall be certified in such filing by an
11 officer of the company and a qualified actuary that the
12 company's rates are based on sound actuarial principles
13 and are not inconsistent with the company's experience.

14 (d) If after a hearing the Director finds:

15 (1) that any rate, rating plan or rating system
16 violates the provisions of this Section applicable to it,
17 he may issue an order to the company which has been the
18 subject of the hearing specifying in what respects such
19 violation exists and stating when, within a reasonable
20 period of time, the further use of such rate or rating
21 system by such company in contracts of insurance made
22 thereafter shall be prohibited;

23 (2) that the violation of any of the provisions of
24 this Section applicable to it by any company which has
25 been the subject of hearing was wilful, he may suspend or
26 revoke, in whole or in part, the certificate of authority
27 of such company with respect to the class of insurance
28 which has been the subject of the hearing.

29 (e) Insurers in the business of providing Class 2(c)
30 insurance must, with respect to medical malpractice policies,
31 establish a premium scale within each coverage classification
32 wherein premiums are proportional to settlements paid on the
33 physician's behalf.

34 (Source: P.A. 79-1434.)

1 Section 10. The Medical Practice Act of 1987 is amended
2 by adding Section 27.5 as follows:

3 (225 ILCS 60/27.5 new)

4 Sec. 27.5. Medical malpractice insurance. A physician
5 licensed under this Act must maintain a minimum of \$1,000,000
6 in liability coverage. The Department shall adopt rules to
7 develop procedures to verify that a physician maintains the
8 minimum coverage. The Department shall suspend the license
9 of a physician who violates this Section. The physician may
10 have his or her license reinstated upon showing proof of
11 coverage. The Department may also impose a civil penalty, as
12 determined by rule, for the violation of this Section.